

REMUNERATION OF MANAGEMENT AND CONTROL BODIES

REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS

In the reporting year, remuneration and expenditure reimbursement for the Board members were accrued and paid in accordance with the revised Regulation on Remuneration and Reimbursement Payment to the Board of Directors of the Company approved by the resolution of the annual General Meeting of Shareholders of Kubanenergo on 20 June 2019 (Minutes No.42) (hereafter – Regulations).

According to the Regulation, the remuneration to the members of the Board of Directors is paid quarterly in the period starting from the candidate election to the Board and finishing at the end of the Board's office.

The amount of remuneration for sitting on the Board of Directors for each of the Board members was calculated against the overall number of the Board of Directors meetings in the reporting quarter and the number of meetings every Board member attended.

The remuneration consists of base and additional parts. The base part of the remuneration $S_{(1)}$ is calculated as per the formula:

$$S_{(1)} = R_{\text{base}} / 4 \times 100 / 130 \times \left(\frac{n}{m} \right),$$

where R_{base} is the amount of the base annual remuneration by reference to the Company's revenue under RAS calculated for the last completed reporting year before the election of the Company's Board of Directors

The amount of the Company's revenue under RAS calculated for the last completed reporting year before the election of the Company's Board of Directors R_{base}

Over RUB 200 bn	RUB 3 mn
Over RUB 70 bn	RUB 2.7 mn
Over RUB 30 bn	RUB 2.2 mn
Over RUB 10 bn	RUB 1.6 mn
Over RUB 1 bn	RUB 1 mn
Over RUB 600 mn	RUB 800 ths
Less than RUB 600 mn	RUB 600 ths

- n is the number of meetings of the Board of Directors (irrespective of the form of a meeting) attended by a Board member in the reporting quarter
- m is the total number of meetings of the Board of Directors (irrespective of the form of a meeting) in the reporting quarter
- uplifts expressed in % relative to the remuneration base part are defined additionally:
 - 30% – for the Chairman of the Company's Board of Directors
 - 20% – for the Chairman of the specialised Committee under the Board of Directors
 - 10% – for the membership in the specialised Committee under the Company's Board of Directors

Uplifts for performing the duties of a Committee Chairman and/or member for the Board of Directors are not paid if there are no Committee meetings held within the reporting quarter.

Remuneration is not paid to the members of the Board of Directors if they don't take part in more than 50% of the meetings held in the reporting quarter.

The remuneration is paid to the members of the Board of Directors within 30 calendar days after the end of the reporting quarter.

The Regulation on Remuneration and Reimbursement Payment to the Board of Directors:

- Does not apply to the members of the Board of Directors that are simultaneously members of executive bodies

- Provides that remunerations are not accrued and paid to the Chairman or members of the Company's Board of Directors if the federal legislation restricts or prohibits them to receive any payments from commercial organisations
- Provides the right of the Board members to receive reimbursement of expenditures associated with attending the meetings of the Board of Directors, its Committee, General Meetings of Shareholders of the Company according to the rules for reimbursement of travel expenses valid at the time of the meeting and established for top managers of the Company

REMUNERATION ACCRUED AND PAID TO MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS¹ (RUB '000)

Indicator	Corporate 2018/2019	2019	Corporate 2019/2020	2020	Corporate 2020/2021	2021 ²
Basic remuneration for participation in the Board of Directors	7,558	12,568	17,421	20,692	14,885	14,478
Uplift of 30% to the Chairman of the Board of Directors	69	213	511	635	497	496
Uplift of 20% to the Chairman of a specialised Committee of the Board of Directors	277	373	321	395	336	545
Uplift of 10% for membership in a specialised Committee of the Board of Directors	346	611	1,215	1,604	1,274	959
TOTAL	8,250	13,765	19,468	23,326	16,992	16,478

The Company did not pay any other remunerations to the members of the Board of Directors.

The expenses of the Board of Directors members were not reimbursed in the reporting year.

The Company has no remuneration or reimbursement payments overdue to the Board of Directors members.

The Company did not provide any loans (credits) to the Board of Directors members.

¹ To ensure comparison of indicators in 2018–2020, the amounts of remuneration accrued and paid to the members of the Board of Directors for corporate years were released, as till 20 June 2019, there was a Regulation, under which remuneration to the members of the Board of Directors was paid once as per the results of work during the period from candidate election to the Board of Directors to formation of the new composition of the Board of Directors. The amount of the remuneration for participation in the work of the Company's Board of Directors was calculated in the same way as specified in the current Regulation, but the amount of the base annual remuneration (R_{base}) set in relation to the Company's revenues had different values. In addition, the members of the Board of Directors also received extra payments from the net profits if the Company market capitalisation increases during their work.

² Subject to accrual and payment of remuneration for the fourth quarter of 2021 in January 2022.

REMUNERATION OF MEMBERS OF EXECUTIVE BODIES

REMUNERATION AND REIMBURSEMENT OF EXPENSES PAID TO THE MEMBERS OF THE COMPANY'S EXECUTIVE BODIES (RUB '000)

Indicator	2019	2020	2021
Remuneration for participation in the Management Board	1,459	1,918	1,506
Salary	31,266	29,359	28,324
Bonuses	23,936	24,765	21,528
Reimbursement of expenses	228	920	1,437
Other types of remuneration	2,112	3,352	3,284
TOTAL	59,001	60,314	56,079

For the members of executive bodies, the Company has no remuneration or reimbursement payments overdue.

REMUNERATION AND REIMBURSEMENT FOR THE AUDITING COMMISSION MEMBERS

According to the effective Regulation on the Remuneration and Reimbursement Paid to the Auditing Commission of PJSC Kubanenergo¹ (hereinafter — the Regulation), as approved by the annual General Meeting of Shareholders (Minutes No.40 dated 28 May 2018), the members of the Auditing Commission receive remunerations depending on the results of the work during the corporate year and employees involvement with the work of such controlling body.

The remuneration amount for the Auditing Commission is calculated while taking into consideration the following:

- the size of the base part of the remuneration set according to the Company profits calculated using RAS for the fiscal year;

- the personal involvement modifier for the Auditing Commission members reflecting their participation in meetings and inspections, as well as their fulfilment of additional duties as Chairman or Secretary of Auditing Commission.

No remuneration is paid to a member of the Auditing Commission who has not participated in more than half of the meetings held during his/her membership in the Auditing Commission.

Reimbursement of expenses related to the participation in the meetings of the Auditing Commission is performed to the extent of the real expenditures according to the rates set by the said Regulations.

REMUNERATION ACCRUED AND PAID TO THE MEMBERS OF THE AUDITING COMMISSION (RUB '000)

2019 (for 2018/2019 corporate year)	2020 (for 2019/2020 corporate year)	2021 (for 2020/2021 corporate year)
790	648	756

The expenses of the Auditing Commission members were not reimbursed in the reporting year.

The Company has no remuneration or reimbursement payments overdue to the Auditing Commission members.

¹ The Regulation on the Remuneration and Reimbursement Paid to the Auditing Commission of the Company is published on the Company's website in the About the Company / Constituent and Internal Documents section.
The Regulation is applied to the members of the Auditing Commission, in respect of which the federal law prescribes a restriction or prohibition on receipt of any payments from commercial organisations.